



AVRUPA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2017 AND 2016

(Unaudited)

AVRUPA MINERALS LTD.

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**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

AVRUPA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

| | Note | June 30, 2017 (Unaudited) | December 31, 2016 (Audited) |
|--|------|---------------------------------|-----------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 244,233 | \$ 518,196 |
| Restricted cash | 5 | 351,816 | 4,175 |
| Investments - available for sale | | - | 84,862 |
| Prepaid expenses and advances | | 115,378 | 61,792 |
| Due from optionee | 5 | - | 1 |
| Due from related party | 8 | - | 4,742 |
| VAT receivables | | 49,119 | 43,176 |
| Other receivables | | 20,477 | 19,438 |
| | | <u>781,023</u> | <u>736,382</u> |
| Non-current assets | | | |
| Property deposits | 6 | 174,792 | 218,202 |
| Exploration and evaluation assets | 5 | 1,479,204 | 1,479,204 |
| Equipment | 4 | 76,771 | 48,137 |
| | | <u>1,730,767</u> | <u>1,745,543</u> |
| Total assets | | \$ 2,511,790 | \$ 2,481,925 |
| Liabilities | | | |
| Current liabilities | | | |
| Funds held for optionee | 5 | \$ 351,816 | \$ 4,175 |
| Accounts payable and accrued liabilities | | 234,658 | 55,863 |
| Accounts payable owed by optionee | | - | 119,811 |
| Due to related parties | 8 | 93,630 | 72,107 |
| Current portion of long-term loan | 9 | 6,111 | - |
| | | <u>686,215</u> | <u>251,956</u> |
| Non-current liabilities | | | |
| Long-term loan | 9 | 26,867 | - |
| | | <u>26,867</u> | <u>-</u> |
| Equity | | | |
| Share capital | 7 | 8,387,512 | 7,994,373 |
| Reserves | 7 | 5,725,753 | 5,591,348 |
| Deficit | | (12,314,557) | (11,355,752) |
| | | <u>1,798,708</u> | <u>2,229,969</u> |
| Total equity and liabilities | | \$ 2,511,790 | \$ 2,481,925 |

Event after the reporting period (Note 15)

These consolidated financial statements are authorized for issue by the Board of Directors on August 29, 2017. They are signed on the Company's behalf by:

/s/Paul W. Kuhn
Director

/s/Mark T. Brown
Director

AVRUPA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JUNE 30
(Unaudited, Presented in Canadian Dollars)

| | Note | Three months ended June 30 | | Six months ended June 30 | |
|---|------|----------------------------|---------------------|--------------------------|---------------------|
| | | 2017 | 2016 | 2017 | 2016 |
| Mineral exploration expenses | | | | | |
| Mineral exploration expenses | 5 | \$ 362,484 | \$ 372,417 | \$ 651,977 | \$ 655,681 |
| Reimbursements from optionees | 5 | (184,994) | 29,431 | (191,724) | (342,957) |
| | | <u>(177,490)</u> | <u>(401,848)</u> | <u>(460,253)</u> | <u>(312,724)</u> |
| General administrative expenses | | | | | |
| Bank charges | | 1,201 | 908 | 1,741 | 8,792 |
| Consulting | | 34,144 | 115,915 | 66,382 | 177,360 |
| Depreciation | | 393 | 1,260 | 1,841 | 2,667 |
| Investor relations | | 112,151 | 12,268 | 156,824 | 24,414 |
| Listing and filing fees | | - | 5,443 | 7,480 | 10,943 |
| Office and administrative fees (recovery) | | (7,710) | 4,495 | 12,341 | 9,617 |
| Professional fees | | 46,210 | 43,607 | 97,988 | 79,835 |
| Rent | | 2,250 | 2,285 | 4,500 | 2,786 |
| Share-based payment | | 110,564 | 3,232 | 110,564 | 8,490 |
| Transfer agent fees | | 3,852 | 3,426 | 4,932 | 4,206 |
| Travel | | 12,284 | 9,064 | 34,013 | 16,359 |
| | | <u>(315,376)</u> | <u>(201,903)</u> | <u>(498,643)</u> | <u>(345,469)</u> |
| Other items | | | | | |
| Foreign exchange gain/(loss) | | 986 | (9,937) | (398) | (13,339) |
| Interest income | | 50 | 46 | 411 | 167 |
| Other income | | 1 | 1,593 | 78 | 2,036 |
| | | <u>1,037</u> | <u>(8,298)</u> | <u>91</u> | <u>(11,136)</u> |
| Net loss for the period | | (491,829) | (612,049) | (958,805) | (669,329) |
| Exchange difference arising on the translation of foreign subsidiaries | | 9,576 | 17,817 | 23,841 | 24,301 |
| Comprehensive loss for the period | | \$ (482,253) | \$ (594,232) | \$ (934,964) | \$ (645,028) |
| Basic and diluted loss per share | 10 | \$ (0.01) | \$ (0.01) | \$ (0.01) | \$ (0.01) |

AVRUPA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Presented in Canadian Dollars)

| | Share capital | | | Reserves | | | | | | |
|--|-------------------|---------------------|--------------------|---------------------|-------------------|----------------------------------|------------------|---------------------|------------------------|---------------------|
| | Number of shares | Amount | Share subscription | Warrants | Finder's options | Equity-settled employee benefits | Exchange | Subtotal | Deficit | Total equity |
| Balance as at December 31, 2015 (Audited) | 55,475,797 | \$ 6,172,356 | \$ - | \$ 4,068,279 | \$ 268,093 | \$ 784,090 | \$ 21,310 | \$ 5,141,772 | \$ (9,483,631) | \$ 1,830,497 |
| Share issues: | | | | | | | | | | |
| Shares subscription | - | - | 252,200 | - | - | - | - | - | - | 252,200 |
| Share issue costs | - | - | (48,045) | - | - | - | - | - | - | (48,045) |
| Shares issued for options exercised | 200,000 | 37,373 | - | - | - | (17,373) | - | (17,373) | - | 20,000 |
| Shares issued for finder's options exercised | 84,000 | 14,541 | - | 1,378 | (7,519) | - | - | (6,141) | - | 8,400 |
| Share-based payment | - | - | - | - | - | 8,490 | - | 8,490 | - | 8,490 |
| Comprehensive loss | - | - | - | - | - | - | 24,301 | 24,301 | (669,329) | (645,028) |
| Balance as at June 30, 2016 (Unaudited) | 55,759,797 | 6,224,270 | 204,155 | 4,069,657 | 260,574 | 775,207 | 45,611 | 5,151,049 | (10,152,960) | 1,426,514 |
| Share issues: | | | | | | | | | | |
| Shares issued for private placement | 13,547,000 | 758,632 | (252,200) | 596,068 | - | - | - | 596,068 | - | 1,102,500 |
| Share issue costs | - | (124,387) | 48,045 | - | 47,540 | - | - | 47,540 | - | (28,802) |
| Shares issued for warrants exercised | 4,573,000 | 1,068,737 | - | (382,787) | - | - | - | (382,787) | - | 685,950 |
| Shares issued for finder's options exercised | 369,000 | 67,121 | - | - | (30,221) | - | - | (30,221) | - | 36,900 |
| Share-based payment | - | - | - | - | - | 262,208 | - | 262,208 | - | 262,208 |
| Comprehensive loss | - | - | - | - | - | - | (52,509) | (52,509) | (1,202,792) | (1,255,301) |
| Balance as at December 31, 2016 (Audited) | 74,248,797 | 7,994,373 | - | 4,282,938 | 277,893 | 1,037,415 | (6,898) | 5,591,348 | (11,355,752) | 2,229,969 |
| Share issues: | | | | | | | | | | |
| Shares subscription | - | - | 205,000 | - | - | - | - | - | - | 205,000 |
| Shares issued for private placement | 2,500,000 | 225,000 | - | - | - | - | - | - | - | 225,000 |
| Share issue costs | - | (11,975) | (24,886) | - | - | - | - | - | - | (36,861) |
| Share-based payment | - | - | - | - | - | 110,564 | - | 110,564 | - | 110,564 |
| Comprehensive loss | - | - | - | - | - | - | 23,841 | 23,841 | (958,805) | (934,964) |
| Balance as at June 30, 2017 (Unaudited) | 76,748,797 | \$ 8,207,398 | \$ 180,114 | \$ 4,282,938 | \$ 277,893 | \$ 1,147,979 | \$ 16,943 | \$ 5,725,753 | \$ (12,314,557) | \$ 1,798,708 |

AVRUPA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30
(Unaudited, Presented in Canadian Dollars)

| | Note | Six months ended | |
|--|------|------------------|--------------|
| | | 2017 | 2016 |
| Cash flows from operating activities | | | |
| Net loss for the period | \$ | (958,805) | \$ (669,329) |
| Items not involving cash: | | | |
| Depreciation | | 1,841 | 2,667 |
| Mineral exploration expenses | | 11,238 | 7,147 |
| Share-based payment | | 110,564 | 8,490 |
| Changes in non-cash working capital items: | | | |
| VAT receivables | | (5,943) | 43,570 |
| Due from optionee | | 1 | 57,107 |
| Property deposits | | 43,410 | 51,590 |
| Prepaid expenses and advances | | (53,586) | 63,089 |
| Other receivables | | (1,039) | (14,721) |
| Accounts payable and accrued liabilities | | 143,795 | (44,890) |
| Accounts payable owed by optionee | | (119,811) | - |
| Due from/to related parties | | 26,265 | 333,333 |
| Funds held for optionee | | 347,641 | 24,075 |
| Exchange difference arising on the translation of foreign subsidiaries | | 21,975 | 27,157 |
| Net cash (used in) operating activities | | (432,454) | (110,715) |
| Cash flows from investing activities | | | |
| Net proceeds from investments - available for sale | | 84,862 | - |
| Purchase of equipment | | (39,847) | - |
| Net cash provided by investing activities | | 45,015 | - |
| Cash flows from financing activities | | | |
| Proceeds from issuance of common shares | | 225,000 | 28,400 |
| Proceeds from share subscription | | 205,000 | 252,200 |
| Share issue costs | | (1,861) | (7,545) |
| Long-term loan | | 32,978 | - |
| Net cash provided by financing activities | | 461,117 | 273,055 |
| Change in cash for the period | | 73,678 | 162,340 |
| Cash, beginning of the period | | 522,371 | 161,926 |
| Cash, end of the period | \$ | 596,049 | \$ 324,266 |
| Cash comprised of: | | | |
| Cash | \$ | 244,233 | \$ 300,191 |
| Restricted Cash | | 351,816 | 24,075 |
| | \$ | 596,049 | \$ 324,266 |
| Supplementary information: | | | |
| Interest received | \$ | 411 | \$ 167 |

Supplemental disclosure with respect to cash flows (Note 12)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Avrupa Minerals Ltd. (the “Company”) was incorporated on January 23, 2008 under the Business Corporations Act of British Columbia and its registered office is Suite 2610 – 1066 West Hastings Street, Vancouver, BC, Canada, V6E 3X1. The Company changed its name on July 7, 2010 and began trading under the symbol “AVU” on the TSX Venture Exchange (the “Exchange”) on July 14, 2010. On September 20, 2012, the Company listed in Europe on the Frankfurt Stock Exchange under the trading symbol “8AM”. The Company is primarily engaged in the acquisition and exploration of mineral properties in Europe.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. There are material uncertainties that cast significant doubt about the appropriateness of the going concern assumption.

If the Company is to advance or develop its mineral properties further, it will be necessary to obtain additional financing and while it has been successful in the past, there can be no assurance that it will be able to do so in the future. Failure to raise sufficient funds would result in the Company’s inability to make future required property payments, which would result in the loss of those property options.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for marketable securities classified as available-for-sale, which are stated at fair value through other comprehensive income (loss). In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2016.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2016. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six month period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2017.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2017 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

AVRUPA MINERALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(Unaudited, Presented in Canadian Dollars)

4. EQUIPMENT

| | Furniture and other equipment | | | | Vehicles | Other assets | Total |
|--|--------------------------------------|---------|----|----------|-----------------|---------------------|--------------|
| Cost | | | | | | | |
| As at January 1, 2016 | \$ | 127,549 | \$ | 183,038 | \$ | 22,431 | \$ 333,018 |
| Additions during the year | | - | | - | | - | - |
| Exchange adjustment | | (7,299) | | (10,474) | | (1,284) | (19,057) |
| As at December 31, 2016 | | 120,250 | | 172,564 | | 21,147 | 313,961 |
| Additions during the period | | - | | 39,847 | | - | 39,847 |
| Disposal during the period | | - | | (64,659) | | - | (64,659) |
| Exchange adjustment | | 5,466 | | 7,843 | | 961 | 14,270 |
| As at June 30, 2017 | \$ | 125,716 | \$ | 155,595 | \$ | 22,108 | \$ 303,419 |
| Accumulated depreciation | | | | | | | |
| As at January 1, 2016 | \$ | 82,324 | \$ | 162,870 | \$ | 16,864 | \$ 262,058 |
| Depreciation for the year | | 12,860 | | 4,575 | | 1,981 | 19,416 |
| Exchange adjustment | | (5,144) | | (9,474) | | (1,032) | (15,650) |
| As at December 31, 2016 | | 90,040 | | 157,971 | | 17,813 | 265,824 |
| Depreciation for the period | | 6,524 | | 5,989 | | 566 | 13,079 |
| Depreciation for the period related to disposals | | - | | (64,659) | | - | (64,659) |
| Exchange adjustment | | 4,253 | | 7,327 | | 824 | 12,404 |
| As at June 30, 2017 | \$ | 100,817 | \$ | 106,628 | \$ | 19,203 | \$ 226,648 |
| Net book value | | | | | | | |
| As at January 1, 2016 | \$ | 45,225 | \$ | 20,168 | \$ | 5,567 | \$ 70,960 |
| As at December 31, 2016 | \$ | 30,210 | \$ | 14,593 | \$ | 3,334 | \$ 48,137 |
| As at June 30, 2017 | \$ | 24,899 | \$ | 48,967 | \$ | 2,905 | \$ 76,771 |

AVRUPA MINERALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(Unaudited, Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

| | Portugal | | | | Kosovo | | Germany | Others | Total |
|--|-------------|-------------|------------|--------------|-------------|--------------|------------|------------|--------------|
| | Alvalade | Covas | Alvito | Others | Slivovo | Others | | | |
| Exploration and evaluation assets | | | | | | | | | |
| Acquisition costs | | | | | | | | | |
| As of January 1, 2017 | \$ 167,920 | \$ 71,289 | \$ - | \$ 1,096,840 | \$ 143,155 | \$ - | \$ - | \$ - | \$ 1,479,204 |
| Additions during the period | - | - | - | - | - | - | - | - | - |
| As of June 30, 2017 | \$ 167,920 | \$ 71,289 | \$ - | \$ 1,096,840 | \$ 143,155 | \$ - | \$ - | \$ - | \$ 1,479,204 |
| Mineral exploration expenses for the period ended June 30, 2017 | | | | | | | | | |
| Assaying | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 31,952 | \$ - | \$ - | \$ 31,952 |
| Concession fees and taxes | 43,473 | - | 46 | 1,495 | - | 937 | - | - | 45,951 |
| Depreciation | - | - | - | 11,238 | - | - | - | - | 11,238 |
| Geological salaries and consulting | 21,707 | 11,179 | 159,506 | 130,549 | - | 35,777 | - | - | 358,718 |
| Geology work | - | - | - | - | - | - | 29,621 | 31,267 | 60,888 |
| Insurance | - | - | - | 573 | - | - | - | - | 573 |
| Legal and accounting | - | - | - | 36 | - | 118 | - | - | 154 |
| Office and administrative fees | 2,612 | 537 | 1,160 | 12,884 | - | 2,424 | - | 12,412 | 32,029 |
| Rent | 19,179 | 4,337 | 8,651 | 35,775 | - | 9,084 | - | 4,019 | 81,045 |
| Site costs | 799 | 32 | 3,747 | 5,780 | - | 1,662 | - | 1,392 | 13,412 |
| Travel | 116 | 102 | 4,662 | 3,477 | - | 2,164 | - | 5,496 | 16,017 |
| Reimbursements from optionee | - | (13,952) | (177,772) | - | - | - | - | - | (191,724) |
| | \$ 87,886 | \$ 2,235 | \$ - | \$ 201,807 | \$ - | \$ 84,118 | \$ 29,621 | \$ 54,586 | \$ 460,253 |
| Cumulative mineral exploration expenses since acquisition | | | | | | | | | |
| Assaying | \$ - | \$ - | \$ - | \$ - | \$ 297,975 | \$ 63,778 | \$ 10,846 | \$ - | \$ 372,599 |
| Concession fees and taxes | 264,449 | 197,339 | 83,525 | 337,154 | 9,998 | 199,638 | 4 | - | 1,092,107 |
| Depreciation | - | - | 5,515 | 65,311 | - | - | - | - | 70,826 |
| Drilling | - | - | - | - | 1,180,217 | - | - | - | 1,180,217 |
| Geological salaries and consulting | 6,127,968 | 2,002,379 | 738,649 | 2,328,357 | 119,801 | 570,192 | 12,359 | - | 11,899,705 |
| Geology work | - | - | - | 32,377 | 891,582 | 402,515 | 223,619 | 113,917 | 1,664,010 |
| Insurance | 18,260 | 10,550 | 3,507 | 25,898 | 14,604 | 14,790 | - | - | 87,609 |
| Legal and accounting | 296 | 130 | 142 | 579 | 58,158 | 118 | - | - | 59,423 |
| Office and administrative fees | 196,452 | 24,688 | 26,683 | 172,059 | 80,149 | 18,934 | 5,255 | 54,573 | 578,793 |
| Rent | 380,841 | 44,615 | 64,942 | 266,541 | 28,694 | 57,417 | - | 18,677 | 861,727 |
| Report | - | - | - | - | 24,232 | - | - | - | 24,232 |
| Site costs | 159,452 | 57,135 | 28,454 | 94,503 | 185,074 | 191,637 | - | 8,865 | 725,120 |
| Travel | 223,769 | 56,390 | 36,154 | 105,381 | 60,107 | 16,561 | - | 14,703 | 513,065 |
| Trenching and road work | - | - | - | - | 34,339 | - | - | - | 34,339 |
| Reimbursements from optionee | (7,364,530) | (2,324,669) | (592,539) | (233,125) | (2,834,986) | (45,158) | - | - | (13,395,007) |
| | \$ 6,957 | \$ 68,557 | \$ 395,032 | \$ 3,195,035 | \$ 149,944 | \$ 1,490,422 | \$ 252,083 | \$ 210,735 | \$ 5,768,765 |

AVRUPA MINERALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(Unaudited, Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES (Continued)

| | Portugal | | | | Kosovo | | Germany | Others | Total |
|--|--------------------|------------------|-------------------|---------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
| | Alvalade | Covas | Alvito | Others | Slivovo | Others | | | |
| Exploration and evaluation assets | | | | | | | | | |
| Acquisition costs | | | | | | | | | |
| As of January 1, 2016 | \$ 167,920 | \$ 71,289 | \$ - | \$ 1,096,840 | \$ 143,155 | \$ - | \$ - | \$ - | \$ 1,479,204 |
| Additions during the year | - | - | - | - | - | - | - | - | - |
| As of December 31, 2016 | \$ 167,920 | \$ 71,289 | \$ - | \$ 1,096,840 | \$ 143,155 | \$ - | \$ - | \$ - | \$ 1,479,204 |
| Mineral exploration expenses for the year ended December 31, 2016 | | | | | | | | | |
| Assaying | \$ - | \$ - | \$ - | \$ - | \$ (2,630) | \$ 33 | \$ - | \$ - | \$ (2,597) |
| Concession fees and taxes | 88,378 | 12,097 | 22,191 | 71,981 | - | 4,281 | - | - | 198,928 |
| Depreciation | - | - | - | 14,240 | - | - | - | - | 14,240 |
| Drilling | - | - | - | - | (79,180) | - | - | - | (79,180) |
| Geological salaries and consulting | 335,477 | 42,017 | 96,996 | 214,691 | 681 | 25,036 | - | - | 714,898 |
| Geology work | - | - | - | - | (5,889) | - | - | 38,580 | 32,691 |
| Insurance | 93 | 93 | 99 | 3,821 | - | - | - | - | 4,106 |
| Legal and accounting | - | 130 | - | 154 | - | - | - | - | 284 |
| Office and administrative fees | 6,251 | 1,608 | 1,421 | 24,830 | 6,699 | (2,572) | - | 20,809 | 59,046 |
| Rent | 30,164 | 8,798 | 7,888 | 38,075 | 725 | 3,341 | - | 5,418 | 94,409 |
| Report | - | - | - | - | 24,232 | - | - | - | 24,232 |
| Site costs | 53,462 | 425 | 2,103 | 13,606 | - | - | - | 2,166 | 71,762 |
| Travel | 1,211 | 2,014 | 1,313 | 15,190 | 628 | 2,599 | - | 2,104 | 25,059 |
| Trenching and road work | - | - | - | - | - | - | - | - | - |
| Reimbursements from optionee | (515,036) | (67,182) | - | - | 45,501 | (45,158) | - | - | (581,875) |
| | \$ - | \$ - | \$ 132,011 | \$ 396,588 | \$ (9,233) | \$ (12,440) | \$ - | \$ 69,077 | \$ 576,003 |
| Cumulative mineral exploration expenses since acquisition | | | | | | | | | |
| Assaying | \$ - | \$ - | \$ - | \$ - | \$ 297,975 | \$ 31,826 | \$ 10,846 | \$ - | \$ 340,647 |
| Concession fees and taxes | 220,976 | 197,339 | 83,479 | 335,659 | 9,998 | 198,701 | 4 | - | 1,046,156 |
| Depreciation | - | - | 5,515 | 54,073 | - | - | - | - | 59,588 |
| Drilling | - | - | - | - | 1,180,217 | - | - | - | 1,180,217 |
| Geological salaries and consulting | 6,106,261 | 1,991,200 | 579,143 | 2,197,808 | 119,801 | 534,415 | 12,359 | - | 11,540,987 |
| Geology work | - | - | - | 32,377 | 891,582 | 402,515 | 193,998 | 82,650 | 1,603,122 |
| Insurance | 18,260 | 10,550 | 3,507 | 25,325 | 14,604 | 14,790 | - | - | 87,036 |
| Legal and accounting | 296 | 130 | 142 | 543 | 58,158 | - | - | - | 59,269 |
| Office and administrative fees | 193,840 | 24,151 | 25,523 | 159,175 | 80,149 | 16,510 | 5,255 | 42,161 | 546,764 |
| Rent | 361,662 | 40,278 | 56,291 | 230,766 | 28,694 | 48,333 | - | 14,658 | 780,682 |
| Report | - | - | - | - | 24,232 | - | - | - | 24,232 |
| Site costs | 158,653 | 57,103 | 24,707 | 88,723 | 185,074 | 189,975 | - | 7,473 | 711,708 |
| Travel | 223,653 | 56,288 | 31,492 | 101,904 | 60,107 | 14,397 | - | 9,207 | 497,048 |
| Trenching and road work | - | - | - | - | 34,339 | - | - | - | 34,339 |
| Reimbursements from optionee | (7,364,530) | (2,310,717) | (414,767) | (233,125) | (2,834,986) | (45,158) | - | - | (13,203,283) |
| | \$ (80,929) | \$ 66,322 | \$ 395,032 | \$ 2,993,228 | \$ 149,944 | \$ 1,406,304 | \$ 222,462 | \$ 156,149 | \$ 5,308,512 |

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

(Continued)

Portugal

The Company, through its 100% holding in MAEPA Empreendimentos Mineiros e Participacoes Lda (“MAEPA”), holds six exploration licenses in Portugal, spread from the north to the south in the country. The licenses have been issued to MAEPA by the government of Portugal, and relate to the following named properties:

- Alvalade
- Covas
- Alvito
- Marateca
- Santa Margarida do Sado
- Mertola

Licenses have varying required work commitments and carry a 3% Net Smelter Return (“NSR”) payable to the government of Portugal.

Alvalade:

Colt Resources Inc. (“Colt”) purchased Antofagasta Minerals S.A. (“Antofagasta”)’s 60% joint venture (“JV”) interest with Avrupa in the Alvalade property in August 2015 and was entitled to further earn-in of the property subject to certain payments to Antofagasta. Colt did not meet the payment requirements with Antofagasta and also failed to meet expenditure requirements under the JV arrangement with the Company. As of December 31, 2016, the Company wrote down the amount owing from Colt to \$1 and as of June 30, 2017, the Company wrote off \$1.

In June 2017, the Company recovered 100% ownership of the Alvalade project.

Covas:

Blackheath Resources Inc. (“Blackheath”) has earned a 75% interest in the Covas property by spending a cumulative €1,320,000 and per the May 7, 2014 amended Joint Venture agreement, Blackheath can earn further interests, as noted below:

- To earn a further 5% of the JV (for an aggregate total of 80%), Blackheath must fund €498,000 on exploration by March 20, 2016. [Not completed and is currently being negotiated.]
- To earn a further 5% of the JV (for an aggregate total of 85%), Blackheath must fund €833,000 on exploration by March 20, 2017. [Subsequently not completed and is currently being negotiated.]

Since inception of the agreement and to June 30, 2017, Blackheath had forwarded a total of \$2,327,892 (€1,686,220) for the Covas property. The Company held \$3,223 (€2,176) on behalf of Blackheath to be spent on the Covas property, which is recorded as restricted cash.

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

(Continued)

Alvito:

Callinan Royalties Corporation ("Callinan") (now Altius Minerals Corporation) has a 1.5% NSR royalty on the Alvito property.

On April 10, 2017, the Company announced that it signed an earn-in option agreement with Australia-based OZ Exploration Pty. Ltd. ("OZE"), a wholly-owned subsidiary of OZ Minerals Limited ("OZM"), to explore on the Alvito iron oxide, copper-gold ("IOCG") project located in southern Portugal. The agreement allows for OZE to earn up to a total 75% interest in the project by spending AUS \$4,000,000 over approximately 2½ years. Avrupa and OZM signed the Option Agreement on April 5, 2017 under the following terms:

- For OZE to earn a 51% interest in year 1: Fund AUS\$1,000,000 in exploration expenditures;
- For OZE to earn a further 24% interest (total of 75% interest) by September 30, 2019: Fund a further AUS\$3,000,000 in exploration expenditures;
- The Company will be the operator during the first earn-in stage with active technical support and oversight from OZE's experienced IOCG team.

Since inception of the agreement and to June 30, 2017, OZE had forwarded a total of \$526,365 (€350,000) for the Alvito property. The Company held \$348,593 (€235,329) on behalf of OZE to be spent on the Alvito property, which is recorded as restricted cash.

Kosovo

The Company, through its 100% holding in Innomatik, holds two exploration licenses in Kosovo:

- Slivovo
- Metovit

The Slivovo license was issued during 2012 and the Metovit license was issued in 2015. Both licenses carry certain work commitments and a 5% NSR payable to the government of Kosovo.

Slivovo:

Byrnecut International Limited ("Byrnecut") has earned an 85% interest in the Slivovo property after completing a Preliminary Feasibility Study ("PFS") by April 10, 2017. Byrnecut and the Company had set up a joint venture entity known as Peshter Mining J.S.C. ("Peshter Mining") to reflect the 85:15 ownership and transferred the license into Peshter Mining with Byrnecut now being the operator. If a party's interest in Peshter Mining has been diluted to 10% or less, the diluted party's interest in Peshter Mining will be converted into a 2% Net Smelter Return.

As of June 30, 2017, Byrnecut had forwarded a total of \$2,834,986 (€2,000,000) for the Slivovo property to the Company and spent over €2,740,000 as of June 30, 2017 in Peshter Mining.

Germany

The Company has earned an 85% interest in the Oelsnitz property under its agreement with Beak Consultants GmbH ("Beak") by spending €140,000. There is no royalty attached to the property. The Company is working with Beak to set up a joint-venture entity. As of June 30, 2017, the Company had spent \$252,083 (€192,576) on the Oelsnitz property.

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

(Continued)

| | June 30, 2017 | December 31, 2016 |
|--|-------------------|-------------------|
| Restricted cash & Funds held for optionee | | |
| Covas - Blackheath | \$ 3,223 | \$ 4,175 |
| Alvito - OZE | 348,593 | - |
| | <u>\$ 351,816</u> | <u>\$ 4,175</u> |
| Due from optionee | | |
| Alvalade - Colt | \$ - | \$ 1 |
| | <u>\$ -</u> | <u>\$ 1</u> |

6. PROPERTY DEPOSITS

As of June 30, 2017, the Company had a total of \$174,792 (€118,000) (December 31, 2016: \$218,202 (€154,000)) of cash pledged for its exploration licenses in Portugal. The advances to the Portuguese regulatory authorities are refundable to the Company, subject to completion of the work obligations described in the exploration license applications.

7. CAPITAL AND RESERVES

(a) Authorized:

At June 30, 2017, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

- i. During the year ended December 31, 2016, the Company issued common shares pursuant to the exercise of 4,573,000 warrants for cash proceeds of \$685,950, the exercise of 200,000 stock options for cash proceeds of \$20,000 and the exercise of 453,000 finder's options for cash proceeds of \$45,300.
- ii. On July 4, 2016, the Company completed a non-brokered private placement by issuing 13,547,000 units ("Unit") at a price of \$0.10 per Unit for gross proceeds of \$1,354,700. Each Unit consists of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share for a 3 year period at a price of \$0.15. The warrants were ascribed a value of \$596,068.

In connection with the financing, the Company paid \$16,125 as a cash finder's fee and issued 411,250 finder's options, each of which is exercisable into one Unit at a price of \$0.10 for a period of 36 months. Each Unit consists of one common share and one non-transferable warrant exercisable for a 3 year period at a price of \$0.15. The finder's options were ascribed a value of \$47,540. In addition, \$60,722 was included in share issue costs.

- iii. On April 20, 2017, the Company completed a non-brokered private placement by issuing 2,500,000 common shares at a price of \$0.09 per share for gross proceeds of \$225,000. In connection with the financing, a total of \$11,975 share issue costs was paid.
- iv. In June 2017, the Company received \$205,000 for a non-brokered private placement to be closed in July 2017 (Note 15) and incurred \$24,886 share issue costs.

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7. CAPITAL AND RESERVES (Continued)

(c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the board of directors within regulatory guidelines.

Stock option transactions and the number of stock options for the six months ended June 30, 2017 are summarized as follows:

| Expiry date | Exercise price | December 31, 2016 | Granted | Exercised | Expired/ cancelled | June 30, 2017 |
|---------------------------------|----------------|-------------------|-----------|-----------|--------------------|---------------|
| January 27, 2017 | \$0.30 | 100,000 | - | - | (100,000) | - |
| April 10, 2017 | \$0.30 | 720,000 | - | - | (720,000) | - |
| July 15, 2017 * | \$0.10 | 300,000 | - | - | - | 300,000 |
| October 16, 2018 | \$0.10 | 1,145,000 | - | - | - | 1,145,000 |
| March 3, 2019 | \$0.165 | 200,000 | - | - | - | 200,000 |
| July 15, 2020 | \$0.10 | 2,015,000 | - | - | - | 2,015,000 |
| September 26, 2021 | \$0.18 | 1,575,000 | - | - | - | 1,575,000 |
| April 26, 2022 | \$0.10 | - | 1,310,000 | - | - | 1,310,000 |
| Options outstanding | | 6,055,000 | 1,310,000 | - | (820,000) | 6,545,000 |
| Options exercisable | | 6,055,000 | 1,310,000 | - | (820,000) | 6,545,000 |
| Weighted average exercise price | | \$0.15 | \$0.10 | \$Nil | \$0.30 | \$0.12 |

*Subsequently expired unexercised.

As of June 30, 2017, the weighted average contractual remaining life is 3.20 years (December 31, 2016 – 2.88 years).

Stock options transactions and the number of stock options for the year ended December 31, 2016 are summarized as follows:

| Expiry date | Exercise price | December 31, 2015 | Granted | Exercised | Expired/ cancelled | December 31, 2016 |
|---------------------------------|----------------|-------------------|-----------|-----------|--------------------|-------------------|
| January 27, 2017 | \$0.30 | 100,000 | - | - | - | 100,000 |
| April 10, 2017 | \$0.30 | 720,000 | - | - | - | 720,000 |
| July 15, 2017 | \$0.10 | 300,000 | - | - | - | 300,000 |
| October 16, 2018 | \$0.10 | 1,345,000 | - | (200,000) | - | 1,145,000 |
| March 3, 2019 | \$0.165 | 200,000 | - | - | - | 200,000 |
| July 15, 2020 | \$0.10 | 2,015,000 | - | - | - | 2,015,000 |
| September 26, 2021 | \$0.18 | - | 1,575,000 | - | - | 1,575,000 |
| Options outstanding | | 4,680,000 | 1,575,000 | (200,000) | - | 6,055,000 |
| Options exercisable | | 4,455,000 | 1,575,000 | (200,000) | - | 6,055,000 |
| Weighted average exercise price | | \$0.14 | \$0.18 | \$0.10 | \$Nil | \$0.15 |

The weighted average assumptions used to estimate the fair value of options for the six months ended June 30, 2017 and 2016 were:

| | 2017 | 2016 |
|-------------------------|---------|------------|
| Risk-free interest rate | 1.21% | 0.61% |
| Expected life | 5 years | 1.37 years |
| Expected volatility | 141.88% | 126.57% |
| Expected dividend yield | Nil | Nil |

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7. CAPITAL AND RESERVES (Continued)

(c) Share Purchase Option Compensation Plan: (Continued)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

(d) Finder's Options:

The continuity of finder's options for the six months ended June 30, 2017 is as follows:

| Expiry date | Exercise price | December 31, 2016 | Issued | Exercised | Expired | June 30, 2017 |
|---------------------------------|----------------|-------------------|--------|-----------|---------|---------------|
| August 22, 2017 ⁽¹⁾ | \$0.25 | 152,600 | - | - | - | 152,600 |
| July 14, 2018 | \$0.10 | 99,000 | - | - | - | 99,000 |
| July 4, 2019 ⁽²⁾ | \$0.10 | 411,250 | - | - | - | 411,250 |
| Outstanding | | 662,850 | - | - | - | 662,850 |
| Weighted average exercise price | | \$0.13 | \$Nil | \$Nil | \$Nil | \$0.13 |

(1) The finder's options are exercisable into units, with each unit consisting of one common share and one warrant exercisable until August 22, 2017 at \$0.40. Subsequently, these finder's options expired unexercised.

(2) The finder's options are exercisable into units, with each unit consisting of one common share and one warrant exercisable until July 4, 2019 at \$0.15.

As of June 30, 2017, the weighted average contractual remaining life is 1.44 years (December 31, 2016 – 1.93 years).

The continuity of finder's options for the year ended December 31, 2016 is as follows:

| Expiry date | Exercise price | December 31, 2015 | Issued | Exercised | Expired | December 31, 2016 |
|---------------------------------|----------------|-------------------|---------|-----------|----------|-------------------|
| September 24, 2016 | \$0.10 | 148,800 | - | (84,000) | (64,800) | - |
| August 22, 2017 ⁽¹⁾ | \$0.25 | 152,600 | - | - | - | 152,600 |
| July 14, 2018 | \$0.10 | 468,000 | - | (369,000) | - | 99,000 |
| July 4, 2019 ⁽²⁾ | \$0.10 | - | 411,250 | - | - | 411,250 |
| Outstanding | | 769,400 | 411,250 | (453,000) | (64,800) | 662,850 |
| Weighted average exercise price | | \$0.13 | \$0.10 | \$0.10 | \$0.10 | \$0.13 |

The weighted average assumptions used to estimate the fair value of finder's options for the six months ended June 30, 2017 and 2016 were:

| | 2017 | 2016 |
|-------------------------|------|------|
| Risk-free interest rate | Nil | Nil |
| Expected life | Nil | Nil |
| Expected volatility | Nil | Nil |
| Expected dividend yield | Nil | Nil |

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7. CAPITAL AND RESERVES (Continued)

(e) Warrants:

The continuity of warrants for the six months ended June 30, 2017 is as follows:

| Expiry date | Exercise price | December 31, 2016 | Issued | Exercised | Expired | June 30, 2017 |
|---------------------------------|----------------|-------------------|--------|-----------|-------------|---------------|
| March 28, 2017 | \$0.40 | 4,000,000 | - | - | (4,000,000) | - |
| August 22, 2017 * | \$0.40 | 4,400,000 | - | - | - | 4,400,000 |
| October 4, 2017 | \$0.25 | 7,990,000 | - | - | - | 7,990,000 |
| July 14, 2018 | \$0.15 | 10,920,000 | - | - | - | 10,920,000 |
| July 4, 2019 | \$0.15 | 13,547,000 | - | - | - | 13,547,000 |
| Outstanding | | 40,857,000 | - | - | (4,000,000) | 36,857,000 |
| Weighted average exercise price | | \$0.22 | \$Nil | \$Nil | \$0.40 | \$0.20 |

*Subsequently expired unexercised.

As of June 30, 2017, the weighted average contractual life is 1.12 years (December 31, 2016 – 1.48 years).

The continuity of warrants for the year ended December 31, 2016 is as follows:

| Expiry date | Exercise price | December 31, 2015 | Issued | Exercised | Expired | December 31, 2016 |
|---------------------------------|----------------|-------------------|-----------------------|-------------|-------------|-------------------|
| September 24, 2016 | \$0.15 | 5,720,000 | 84,000 ⁽¹⁾ | (4,354,000) | (1,450,000) | - |
| October 15, 2016 | \$0.15 | 2,833,334 | - | (219,000) | (2,614,334) | - |
| March 28, 2017 | \$0.40 | 4,000,000 | - | - | - | 4,000,000 |
| August 22, 2017 | \$0.40 | 4,400,000 | - | - | - | 4,400,000 |
| October 4, 2017 | \$0.25 | 7,990,000 | - | - | - | 7,990,000 |
| July 14, 2018 | \$0.15 | 10,920,000 | - | - | - | 10,920,000 |
| July 4, 2019 | \$0.15 | - | 13,547,000 | - | - | 13,547,000 |
| Outstanding | | 35,863,334 | 13,631,000 | (4,573,000) | (4,064,334) | 40,857,000 |
| Weighted average exercise price | | \$0.23 | \$0.15 | \$0.15 | \$0.15 | \$0.22 |

⁽¹⁾ The warrants were issued as a result of 84,000 finder's options being exercised.

The weighted average assumptions used to estimate the fair value of warrants for the six months ended June 30, 2017 and 2016 were:

| | 2017 | 2016 |
|-------------------------|------|-----------|
| Risk-free interest rate | Nil | 0.55% |
| Expected life | Nil | 0.32 year |
| Expected volatility | Nil | 123.32% |
| Expected dividend yield | Nil | Nil |

8. RELATED PARTY TRANSACTIONS AND BALANCES

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the six months ended June 30, 2017

| | Short-term employee benefits | Post- employment benefits | Other long- term benefits | Termination benefits | Other expenses | Share- based payments | Total |
|--|------------------------------------|---------------------------------|------------------------------------|-------------------------|-------------------|-----------------------------|-----------|
| Paul W. Kuhn Chief Executive Officer, Director | \$120,067 | \$Nil | \$Nil | \$Nil | \$26,282 | \$16,880 | \$163,229 |
| Winnie Wong, Chief Financial Officer | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$12,660 | \$12,660 |

For the six months ended June 30, 2016

| | Short-term employee benefits | Post- employment benefits | Other long- term benefits | Termination benefits | Other expenses | Share- based payments | Total |
|--|------------------------------------|---------------------------------|------------------------------------|-------------------------|-------------------|-----------------------------|-----------|
| Paul W. Kuhn Chief Executive Officer, Director | \$123,025 | \$Nil | \$Nil | \$Nil | \$41,591 | \$Nil | \$164,616 |
| Winnie Wong, Chief Financial Officer | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil |

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8. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

Related party liabilities

| | Services | Six months ended | | As at June 30, 2017 | As at December 31, 2016 |
|---|--|------------------|------------------|------------------------|-------------------------------|
| | | June 30, 2017 | June 30, 2016 | | |
| Amounts due to: | | | | | |
| Pacific Opportunity Capital Ltd. ^(a) | Rent, management and accounting services | \$ 128,890 | \$ 110,725 | \$ 39,743 | \$ 16,406 |
| Paul W. Kuhn | Consulting and housing allowance and share-based payment | \$ 163,229 | \$ 164,616 | \$ 5,692 | \$ 6,446 |
| Paul L. Nelles ^(b) | Salaries and share-based payment | \$ 13,645 | \$ 9,683 | \$ Nil | \$ Nil |
| Mineralia ^(c) | Consulting | \$ 84,026 | \$ 130,999 | \$ 32,614 | \$ 16,469 |
| B&B Renting and Consulting Lda. ^(d) | Rent | \$ 5,855 | \$ 49,438 | \$ 15,581 | \$ 32,786 |
| TOTAL: | | \$ 395,645 | \$ 465,461 | \$ 93,630 | \$ 72,107 |
| Amounts due from: | | | | | |
| Peshter Mining J.S.C ^(e) | Office, equipment, vehicles, insurance and consulting | \$ Nil | \$ Nil | \$ Nil | \$ 4,742 |

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.

(b) Paul L. Nelles is a director of Innomatik.

(c) Mineralia, a private company partially owned by Adriano Barros, the general manager of MAEPA.

(d) B&B Renting and Consulting Lda., a private company partially owned by Adriano Barros, the general manager of MAEPA.

(e) Peshter Mining J.S.C is a joint venture entity owned 85% by Byrncut and 15% by Innomatik.

9. LONG-TERM LOAN

In March 2017, the Company entered into a long-term loan to purchase a used vehicle. The long-term loan is repayable in monthly payments totaling \$38,231 (€25,809) as of June 30, 2017, including interest calculated at 5.635%, and maturing on April 5, 2022.

| | June 30, 2017 | | December 31, 2016 | |
|---|------------------|-----------------|-------------------|------------|
| Long-term loan | \$ 32,978 | € 22,263 | \$ - | € - |
| Less: current portion of long-term loan | 6,111 | 4,125 | - | - |
| | <u>\$ 26,867</u> | <u>€ 18,138</u> | <u>\$ -</u> | <u>€ -</u> |
| Payment schedule of long-term loan | | | | |
| Year 1 | \$ 7,944 | € 5,363 | \$ - | € - |
| Year 2 | 7,944 | 5,363 | - | - |
| Year 3 | 7,944 | 5,363 | - | - |
| Year 4 | 7,944 | 5,363 | - | - |
| Year 5 | 6,455 | 4,357 | - | - |
| | <u>\$ 38,231</u> | <u>€ 25,809</u> | <u>\$ -</u> | <u>€ -</u> |
| Less: imputed interest | 4,995 | 3,372 | - | - |
| Other fees | 258 | 174 | - | - |
| | <u>\$ 32,978</u> | <u>€ 22,263</u> | <u>\$ -</u> | <u>€ -</u> |

10. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended June 30, 2017 was based on the loss attributable to common shareholders of \$958,805 (2016 – \$669,329) and a weighted average number of common shares outstanding of 75,229,460 (2016 – 55,515,380).

Diluted loss per share did not include the effect of 6,545,000 share purchase options, 662,850 finder's options and 36,857,000 warrants outstanding for the six months ended June 30, 2017 (2016 – 4,480,000 share purchase options, 685,400 finder's options and 35,947,334 warrants) as they are anti-dilutive.

11. FINANCIAL INSTRUMENTS

The fair values of the Company's cash, restricted cash, investments - available for sale, VAT receivables, due from optionees, property deposits, funds held for optionees, accounts payables and accrued liabilities, accounts payable owed by optionee, due to related parties and loans and other borrowings approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest risk, commodity price risk and currency risk.

(a) Credit risk

The Company's cash is held in financial institutions in Canada, Portugal, Kosovo and Barbados. Amounts are receivable from optionees and certain governments for VAT.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

As at June 30, 2017, the Company had cash of \$244,233 (December 31, 2016 - \$518,196), VAT receivables of \$49,119 (December 31, 2016 - \$43,176), investments of \$Nil (December 31, 2016 - \$84,862), other receivables of \$20,477 (December 31, 2016 - \$19,438) and due from optionees of \$Nil (December 31, 2016 - \$1) to settle current liabilities, net of funds held for optionees, of \$334,399 (December 31, 2016 - \$247,781).

Accounts payable and accrued liabilities are due within the current operating period.

(c) Interest rate risk

Interest rate risk is not material as the Company does not have any significant financial assets subject to fluctuation in interest rates.

(d) Equity market price risk

The Company is exposed to price risk with respect to equity market prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to finance due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

11. FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk

The Company's property interests in Portugal and Kosovo make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of \$44,000 dominated in US dollars and Euros. A 1% change in the absolute rate of exchange in US dollars and Euros would affect its net loss by \$5,900.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at June 30, 2017 and December 31, 2016.

| As at June 30, 2017 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------|----------------|----------------|--------------|
| Assets: | | | | |
| Cash | \$ 244,233 | \$ - | \$ - | \$ 244,233 |
| Restricted cash | 351,816 | - | - | 351,816 |
| Investments – available for sale | - | - | - | - |
| | \$ 596,049 | \$ - | \$ - | \$ 596,049 |
| As at December 31, 2016 | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Cash | \$ 518,196 | \$ - | \$ - | \$ 518,196 |
| Restricted cash | 4,175 | - | - | 4,175 |
| Investments – available for sale | 84,862 | - | - | 84,862 |
| | \$ 607,233 | \$ - | \$ - | \$ 607,233 |

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The non-cash transactions during the six months ended June 30, 2017 and 2016 were as follows:

- \$11,238 (2016 - \$7,147) in mineral exploration expenses was related to depreciation;
- \$35,000 (2016 - \$40,500) in accounts payable and accrued liabilities was related to share issue costs.

13. MANAGEMENT OF CAPITAL RISK

The Company manages its cash, common shares, warrants, finder's options and share purchase options as capital (see Note 7). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its exploration and operations in the near term.

14. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition and exploration of mineral properties. Geographic information is as follows:

| | June 30, 2017 | | December 31, 2016 | | |
|------------------------------|----------------------|-------------------------|--------------------------|----------------------|--|
| Non-current assets | | | | | |
| Portugal | \$ | 1,572,779 | \$ | 1,586,395 | |
| Kosovo | | 157,988 | | 159,148 | |
| | \$ | 1,730,767 | \$ | 1,745,543 | |
| | | | | | |
| | | Six months ended | | | |
| | | June 30, 2017 | | June 30, 2016 | |
| Mineral exploration expenses | | | | | |
| Portugal | \$ | 483,652 | \$ | 691,360 | |
| Kosovo | | 84,118 | | (56,720) | |
| Others | | 54,586 | | 21,041 | |
| | \$ | 651,977 | \$ | 655,681 | |

15. EVENTS AFTER THE REPORTING PERIOD

On July 12, 2017, the Company completed a non-brokered private placement of \$1,017,000 by issuing 10,170,000 units at a price of \$0.10. Each unit consists of one common share and one non-transferrable warrant. Each warrant entitles the holder to purchase one additional common share for a 3 year period at a price of \$0.15.